
Commerce & Labor Committee

HB 1906

Brief Description: Improving economic security through unemployment compensation.

Sponsors: Representatives Conway, Kenney, Wood, Moeller, Green, Hudgins, Williams, Dickerson, Sells, Sullivan, Appleton, Morrell, Hasegawa, Darneille, Ormsby, Kagi, Van De Wege, Santos, Goodman, McCoy, Cody, Simpson and Nelson.

Brief Summary of Bill

- Provides for a temporary increase in unemployment benefits by adding \$45 to the weekly benefit amount, and making \$155 the minimum amount payable weekly.
- Expands eligibility for the training benefits program to low-wage workers, honorably discharged military personnel, and persons who are disabled.
- Eliminates restrictions in the shared work program on the number of an employer's employees that may be enrolled, and the number of weeks that such employees may receive benefits.
- Provides for non-charging of the additional \$45 and training benefits.

Hearing Date: 2/3/09

Staff: Jill Reinmuth (786-7134)

Background:

The unemployment compensation system is designed and intended to provide partial wage replacement for workers who are unemployed through no fault of their own. Eligible unemployed workers receive benefits based on their earnings in their base year. Most covered employers pay contributions (payroll taxes) to finance benefits. The Employment Security Department (Department) administers this system.

Unemployment Benefits

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The maximum amount of regular benefits payable in an individual's benefit year is the lesser of 26 times the individual's weekly benefit amount or 1/3 of the individual's base year wages. (This amount is commonly expressed in terms of duration. In those terms, the maximum duration of regular benefits is 26 weeks.)

An individual's weekly benefit amount is 3.85 percent of the average of the individual's wages in the two quarters of the base year in which wages were highest. The maximum amount payable weekly is 63 percent of the average weekly wage. The minimum amount payable weekly is 15 percent of the average weekly wage. As of July 1, 2008, the maximum amount is \$541 and the minimum amount is \$129.

Training Benefits Program

The training benefits program was established in 2000. The program allows an eligible unemployed dislocated worker to receive additional benefits while he or she is in retraining.

An individual is eligible to receive training benefits if he or she is unlikely to return to employment in his or her principal occupation or previous industry because of a diminishing demand for his or her skills, worked in an occupation or with a particular set of skills for at least two of the last four years, and needs job-related training to find suitable employment in his or her labor market.

Individuals who are not eligible for training benefits include an individual on standby status who expects recall to his or her regular employer, an individual who has a definite recall date within six months of the date of layoff, and an individual unemployed due to regular seasonal layoffs.

The individual must submit a training plan to the Department within 60 days of the individual's notification of the program's requirements. The individual must enter the approved training program within 90 days, be enrolled in training on a full-time basis, and make satisfactory progress toward completion of the training plan. The training must target a high demand occupation and may include vocational training or courses needed as a prerequisite to that training. The training may not include courses primarily intended for completion of a baccalaureate degree.

The maximum amount of training benefits payable in an individual's benefit year is 52 times the individual's weekly benefit amount (less weeks of regular benefits and extended benefits). The weekly benefit amount is the same as the amount the individual receives as regular benefits. An individual may qualify for this program only once every five years.

Training benefits are subject to available funding. Funding is limited to \$20 million for each fiscal year. Any funds not obligated in one fiscal year may be carried forward to the next fiscal year.

Shared Work Program

The shared work program was established in 1983. The program provides for the payment of partial unemployment compensation benefits "in situations where qualified employers elect to retain employees at reduced hours rather than instituting layoffs."

Employees may receive unemployment compensation under an employer's approved shared work plan only if certain criteria are met. One of these criteria is that the plan apply to at least 10 percent of the employees in an affected unit. Employees are restricted to a maximum of 26 weeks of benefits during any 12-month period.

Unemployment Taxes

Employers are required to pay contributions (payroll taxes) to finance unemployment benefits, unless they are exempt from coverage or reimburse the Department for benefits paid to their former workers. Contribution rates are based, in part, on layoff experience and benefits charged to employers' experience rating accounts. Some benefits are pooled within the unemployment system. These "socialized costs" include "non-charged benefits."

Summary of Bill:

The Economic Security Act of 2009 is adopted. Unemployment benefits are temporarily increased, and the training benefits program and the shared work program are modified.

Unemployment Benefits

An additional \$45 is added to an individual's weekly benefit amount. The minimum amount payable weekly is \$155. Corresponding increases are made to the maximum amount of regular benefits payable (maximum duration) and the maximum amount payable weekly.

These changes apply to all weeks of benefits for claims with an effective date on or after May 3, 2009, and before January 3, 2010. They also apply to certain weeks of benefits beginning on or after May 3, 2009, for claims with an effective date before that date.

Training Benefits Program

The eligibility requirements for the training benefits program are revised, and a reporting requirement is established.

In addition to certain dislocated workers, the following individuals are eligible for training benefits:

- an individual who earned an average hourly wage that is less than 130 percent of the state minimum wage, and whose earning potential would be enhanced through vocational training;
- an individual who served in the United States military, was honorably discharged, and needs job-related training to find suitable employment in his or her labor market; and
- an individual who is disabled due to an injury or illness, is unable to return to his or her previous occupation, and is in need of job-related training to obtain suitable employment in his or her labor market.

The requirement that dislocated workers demonstrate sufficient tenure is stricken. The exclusion for individuals unemployed due to regular seasonal layoffs is also stricken.

The individual must submit a training plan within 90 days (instead of 60 days) and enter the approved training program within 120 days (instead of 90 days) of the individual's notification of the program's requirements. The Employment Security Department (Department) may waive these deadlines for good cause. The individual must be enrolled in training on a full-time basis, except when a disability precludes such enrollment.

The Department must report annually to appropriate committees of the Legislature on the program's status and outcomes. The report must include: (1) a demographic analysis of the participants; (2) the employment and wage history of participants; (3) the duration of training benefits claimed; (4) an analysis of the training; and (5) an analysis of the program's administrative costs.

These changes apply to claims with an effective date on or after April 5, 2009.

Shared Work Program

The requirement that the plan apply to at least 10 percent of the employees in affected units is stricken. Instead, an employer may enroll any number of employees in the shared work program.

The restriction on the number of weeks of shared work benefits is stricken. Instead of a cap of 26 weeks, an employee may receive his or her maximum entitlement.

These changes take effect April 5, 2009.

Unemployment Taxes

The additional \$45 is not charged to the experience rating accounts of employers. Training benefits paid to individuals also are not charged to their employers' experience rating accounts.

Rules Authority: The bill does not address the rule-making powers of an agency.

Appropriation: None.

Fiscal Note: Requested on 2/1/09.

Effective Date: The act takes effect 90 days after adjournment of the session in which the bill is passed, except for sections 2 and 3 (relating to unemployment benefits), which contain an emergency clause and take effect May 3, 2009, and sections 4 through 13 (relating to the training benefits program, the shared work program, and experience rating), which contain an emergency clause and take effect April 5, 2009.